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**BOARD OF LEVEE COMMISSIONERS
OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
GALLIANO, LOUISIANA**

JUNE 30, 2005

Audit of Financial Statements

June 30, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

10 / 26 / 05

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Independent Auditor's Report

Board of Levee Commissioners of the South Lafourche Levee District

State of Louisiana
Galliano, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the Board of Levee Commissioners of the South Lafourche Levee District (the "Levee District"), a component unit of the State of Louisiana, as of and for the year ended June 30, 2005, which collectively comprise the Levee District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Levee District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Board of Levee Commissioners of the South Lafourche Levee District as of June 30, 2005 and the respective changes in financial position thereof for the year

then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2005 on our consideration of the Levee District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information, as listed in the table of contents (Required Supplementary Schedules), are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Levee District's basic financial statements. The accompanying supplementary schedules such as the board members per diem and the Division of Administration Reporting packet, as listed in the table of contents (Other Supplementary Schedules and Reports), are presented for purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hienz & Macaluso, LLC

HIENZ & MACALUSO, LLC

August 15, 2005



SOUTH LAFOURCHE LEVEE DISTRICT BOARD OF COMMISSIONERS

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Ronald Callais, President

Windell Curole, General Manager

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis of the Board of Levee Commissioners of the South Lafourche Levee District (the "Levee District") financial performance presents a narrative overview and analysis of the commission's financial activities for the year ended June 30, 2005. This document focuses on the current year's activities, resulting changes and currently known facts. Please read this document in conjunction with the Levee District's financial statements.

Financial Highlights

- Total net assets increased \$ 1,929,629 to \$ 20,615,500 at June 30, 2005 from the June 30, 2004 amount of \$ 18,685,872.
- Tax revenues increased \$ 158,050 to \$ 2,572,809 at June 30, 2005 from the June 30, 2004 amount of \$ 2,414,759 due to an increasing taxable base.
- The Levee District recorded capital contributions from the State of Louisiana and Lafourche Parish in the amount of \$ 784,943 under their Cooperative Endeavor Agreement for the Leon Theriot Lock System. Total revenue recorded by the Levee District under this agreement (executed March 2002) since its inception through June 30, 2005 is \$ 1,139,307.
- The new Leon Theriot Lock System has started the construction phase -- we have capitalized \$ 1,644,482, which is included in property and equipment in the financial statements.

Ronald Callais	President	Lula Auenson	Vice President
Roy Gisclair	Commissioner	Robert Eymard, Sr.	Commissioner
Bob Faulk	Commissioner	E.J. Gremillion	Commissioner
Clarence Marts, Jr.	Commissioner	Ernest Richoux	Commissioner
Monty Vegas	Commissioner	Windell Curole	Executive Secretary

- The Levee District paid off its bond during 2004 – one year earlier than required (\$545,000 principal and \$17,651 in interest) and has incurred no additional bond debt. The Levee District's only debt as of June 30, 2005 is for compensated absences in the amount of \$ 69,096 and a capital lease obligation for equipment in the amount of \$ 20,541.

Overview of the basic financial statements

This discussion and analysis is intended to serve as an introduction to the Levee District's financial statements, which is comprised of government wide-financial statements, fund financial statements and notes to the financial statements.

The government-wide financial statements present financial information for all activities of the Levee District from an economic resources measurement focus using the accrual basis of accounting. They present governmental activities, such as general government and debt service, separately from business-type activities. The Levee District has only governmental activities. Government-wide financial statements for governmental activities include the Statement of Net Assets and the Statement of Activities. They provide information about the activities of the Levee District as a whole and present a longer-term view of the Levee District's finances.

The Levee District has three governmental type funds – General Fund, Debt Service Fund and the Capital Projects Fund. The fund financial statements are comprised of the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances. These statements report how the Levee District's flood protection services were financed in the short term as well as what remains for future spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Levee District's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Levee District's programs. Fund financial statements also report the Levee District's operations in more detail than the government wide statements by providing information about the Levee District's major funds. We describe the relationship (or differences) between the governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental funds in a reconciliation at the bottom of the fund financial statements.

Financial Analysis of the Levee District

The following presents condensed financial information on the operations of the Levee District:

	June 30, 2005	June 30, 2004	Change Inc (Dec)
Current Assets	\$ 7,351,382	\$ 5,284,328	\$ 2,067,054
Capital Assets, net	14,339,287	13,543,675	795,612
Total Assets	21,690,669	18,828,003	2,862,666
Current Liabilities	1,011,072	62,221	948,851
Long Term Liabilities	64,096	79,910	(15,814)
Total Liabilities	1,075,168	142,131	933,037
Net Assets Invested in Capital Assets	14,339,287	13,543,675	795,612
Reserved for Debt Service	-	-	-
Unrestricted Net Assets	6,276,214	5,142,197	1,134,017
Total Net Assets	20,615,501	18,685,872	1,929,629
Program Revenues:			
Capital Grants and Contributions	794,943	205,392	589,551
General Revenues			
Taxes	2,572,809	2,414,759	158,050
Investment	99,956	49,197	50,759
Intergovernmental Revenues			
State Revenue Sharing	48,852	48,773	79
Lafourche Basin Levee District	57,696	90,799	(33,103)
FEMA	6,504	-	6,504
Other	2,448	2,532	(84)
Total General Revenues	2,788,265	2,606,060	182,205
Total Revenues	3,583,208	2,811,452	771,756
Total Expenses	1,653,579	1,616,046	37,533
Change in Net Assets	\$ 1,929,629	\$ 1,195,406	\$ 734,223

The Levee District's net assets increased by \$ 1,929,629 during the fiscal year ended June 30, 2005 primarily due to an increase in capital grants and contributions as well as tax revenues and investment income in the current year offset by a decrease in intergovernmental revenues. Also, total expenses only increased \$ 37,533 from the prior year.

Analysis of Individual Funds of the Levee District

The activity in the individual funds is reflected in the Balance Sheet -- Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances -- Governmental Funds. The total net assets and the change in net assets as reflected in the government-wide financial statements (which are condensed above) are reconciled with the fund financial statements at the bottom of the respective statements.

Analysis of Budgeted Amounts

A comparison of budget to actual for the general fund, capital projects fund and the debt service fund is presented as a required supplemental statement. The annual budget is approved by the Board of Commissioners each year. The budget is then submitted for approval to the Joint Legislative Committee on the Budget no later than ninety days prior to the end of each fiscal year for the succeeding fiscal year for review. The fiscal year ended June 30, 2005 original budget was adopted March 8, 2004 and was subsequently amended on June 13, 2005.

The Levee District prepares the original budget for the subsequent year based on estimates of revenues and expenses for the current year. The Levee District makes assumptions about the subsequent year based on various factors available to management at the time the original budget is prepared. Management relies on these estimates and assumptions to determine how revenues and expenses for the subsequent year may fluctuate from the previous year. The amount budgeted for tax revenue in the final budget was increased by \$ 319,000 over the original budget. This increase was due to the timing of the original budget and an increased taxable base due to development in the District. Also the amount budgeted for state grants was decreased from the original budgeted amount by \$ 4,664,957 due to the timing of projects where expenses will be shared with the state, due primarily to estimated construction of the new Lock System. There were no other significant fluctuations between the original and final budgeted amounts.

The Levee District's general fund revenues were more than budgeted amounts by \$ 25,972 and expenditures were less than budgeted amounts by \$ 91,472. The difference in revenue was primarily due to a decrease in other income compared to budgeted amounts offset by an increase in all other general revenues. The difference in expenses was due to a decrease in operating services and benefits compared to budgeted amounts for the year ended June 30, 2005.

Economic Factors and Next Year's Budgets

The millage for 2004 taxes collected during the fiscal year ended June 30, 2005 was levied at 9.86 mills. The Levee District does not expect the millage rate to change for the 2005 taxes, which will be collected during the year ended June 30, 2006. Accordingly, tax revenues should be fairly consistent with the prior year. However, the taxable base has been increasing over the past few years, which has resulted in an increase in total tax revenues for the Levee District. The Levee District's budget for 2006 will include anticipated construction costs on the Leon Theriot Lock System and the corresponding revenue that would be received from the state under the Cooperative Endeavor Agreement. The total amount budgeted in 2006 for capital outlay and state grants are \$ 8,568,252 and \$ 3,250,000, respectively (See discussion of capital assets below). These amounts will vary depending on the progress of construction of the Lock System. The Levee District does not expect any significant variances for any other revenue or expenditure accounts between fiscal years ending June 30, 2005 and June 30, 2006.

Capital Assets and Long Term Debt Administration

Capital Assets

As of June 30, 2005 the Levee District had \$ 14,339,287 (net of depreciation) invested in a broad range of capital assets including land, buildings, equipment and infrastructure (pump stations and pumps). The levees are not owned by the Levee District and the Levee District is not responsible for significant maintenance on them, therefore they are not recorded as capital assets. During the current year the Levee District recorded \$ 54,740 of capital acquisitions in equipment and \$ 1,259,012 on the new lock system.

The Levee District started construction of its new lock system, the Leon Theriot Lock System, during the fiscal year ended June 30, 2005. The lock system will allow the Levee District to maintain "safe" water levels without disrupting shipping traffic. The lock system will be financed with the Levee District's funds and capital contributions from the State of Louisiana and Lafourche Parish as outlined below.

Expenditures for the lock system will come in four phases:

- Planning and design which consists mostly of engineering fees (engineering fees will be incurred throughout the project)
- Concrete barge construction
- Section gate construction
- Installation

Anticipated costs for the project are estimated to be \$ 14,758,349 in total with amounts for each phase of the project as follows:

- Engineering costs estimated at \$ 1,435,688
- Concrete barge construction costs estimated at \$ 5,642,500
- Section gate costs estimated at \$ 1,498,807
- Installation costs estimated at \$ 6,181,354

The Levee District expects to finance the project through the following sources:

- State of Louisiana Coastal Impact/Assistance Program - \$ 1,000,000
- Lafourche Parish Coastal Impact/Assistance Program - \$ 250,000
- State of Louisiana Capital Outlay (2004) - \$ 3,295,000
- State of Louisiana appropriation - \$ 450,000 (engineering funds)
- Greater Lafourche Port Commission - \$ 2,000,000
- Lafourche Parish Government - \$ 2,000,000
- State of Louisiana Capital Outlay (2005) - \$ 1,500,000
- Other funding sources including the Levee District general fund - \$ 4,263,349

As of June 30, 2005 the Levee District used \$ 354,364 of the engineering funds leaving a remaining balance of \$ 95,636. Also as of June 30, 2005 the Levee District has used \$ 513,012 of the 2004 State of Louisiana capital outlay leaving a remaining balance of \$ 2,781,988. The Levee District also used \$ 244,929 of the Lafourche Parish Coastal Impact/Assistance Program funds as of June 30, 2005.

The Levee District has entered into two contracts as of June 30, 2005 related to the new lock system. The first contract, signed in February 2005, is for construction of the concrete barge in the amount of \$ 5,642,500. Construction has begun on the concrete barge and total expenses incurred through June 30, 2005 amounted to \$ 1,188,878 (including \$ 59,444 of retainage). The second contract for the section gate was signed in June 2005 in the amount of \$ 1,396,975. Construction had not begun as of June 30, 2005.

The Levee District has also begun construction of an additional pump at Pumping Station Number 4. As of June 30, 2005 total costs to date incurred on this project amounted to \$ 39,218. The contract to add the new pump was approved in November 2004 in the amount of \$ 611,793. The Levee District had not incurred any costs under this contract as of June 30, 2005.

Long Term Debt

The Levee District has no bond issues outstanding.

The Levee District also has recorded compensated absences payable as of June 30, 2005 in the amount of \$ 69,096, which represents an decrease of \$ 15,814 from the prior year. The Levee District has classified \$ 5,000 of the above amount as short term.

In addition, the Levee District recorded a short term capital lease obligation as of June 30, 2005 in the amount of \$ 20,541.

Contacting the Levee District's Financial Management

This report is designed to provide our citizens, taxpayers and creditors with a general overview of the Levee District's finances. If you have any questions regarding this report, contact the South Lafourche Levee District, Post Office Box 426, Galliano, Louisiana 70354.

BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2005

ASSETS

Cash in State Treasury	\$	243,922
Cash in Banks		4,696,147
Investment - Certificates of deposit		1,595,000
Investment - LAMP		204,269
Accrued interest		49,993
Accounts receivable		558,666
Deposits		3,385
Property and equipment, net		14,339,287

Total assets	\$	<u>21,690,669</u>
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LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$	41,583
Contracts payable		943,948
Long term liabilities due within one year		5,000
Capital Lease obligation - current portion		20,541
Long term liabilities due in more than one year		64,096

Total liabilities		<u>1,075,168</u>
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Net assets

Invested in Capital Assets	14,339,287
Restricted for Debt Service	0
Unrestricted	6,276,214

Total net assets	\$	<u>20,615,501</u>
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See accompanying notes to financial statements

BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

Functions/programs	Expenses	PROGRAM REVENUES		Net Revenue and Change in Net Assets Governmental Activities
		Charges for Services	Capital Grants and Contributions	
Public safety				
Flood protection	\$ 1,653,579	\$ -	\$ 794,943	\$ (858,636)
Interest on long term debt	-	-	-	-
Total governmental activities	<u>\$ 1,653,579</u>	<u>\$ -</u>	<u>\$ 794,943</u>	<u>(858,636)</u>
General revenues:				
Taxes				2,572,809
Intergovernmental revenues:				
State revenue sharing				48,852
Lafourche Basin Levee District				57,696
FEMA				6,504
Unrestricted investment earnings				99,956
Miscellaneous				<u>2,448</u>
Total general revenues				<u>2,788,265</u>
Change in net assets				1,929,629
Net assets - beginning of the year				<u>18,685,872</u>
Net assets - end of the year				<u>\$ 20,615,501</u>

See accompanying notes to financial statements

BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
BALANCE SHEET
JUNE 30, 2005

	Governmental Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Debt Service Fund	
ASSETS				
Cash in State Treasury	\$ 243,922	\$ -	\$ -	\$ 243,922
Cash in Banks	3,895,659	800,488	-	4,696,147
Investment - certificates of deposit	1,595,000			1,595,000
Investment - LAMP	204,269			204,269
Accrued interest	49,993		-	49,993
Accounts receivable	18,653	540,013	-	558,666
Deposits	3,385	-	-	3,385
Total assets	\$ 6,010,881	\$ 1,340,501	\$ -	\$ 7,351,382
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 39,683	\$ 1,900	\$ -	\$ 41,583
Contracts payable	-	943,948		
Bond interest payable	-	-	-	-
Current portion of long term debt	-	-	-	-
Total liabilities	39,683	945,848	-	41,583
Fund balances				
Restricted for debt service	-	-	-	-
Unrestricted	5,971,198	394,653	-	6,365,851
Total fund balances	5,971,198	394,653	-	6,365,851
Total liabilities and fund balances	\$ 6,010,881	\$ 1,340,501	\$ -	

Amounts reported for governmental activities in the statement of net assets are different because:

The purchase of capital assets are reported as expenditures as they are incurred in the governmental funds. The statement of net assets reports capital outlays as an asset of the District. These capital assets are depreciated over their estimated useful lives in the statement of activities and are not reported in the governmental funds.

Total cost of capital assets	21,010,879
Accumulated depreciation related to those assets	(6,671,592)

Long term liabilities that are not due and payable in the current period are not reported as a liability in the governmental funds. All liabilities - both current and long term - are reported in the statement of net assets.

Capital lease obligation	(20,541)
Compensated absences payable	(69,096)

Net assets of governmental activities	\$ 20,615,501
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BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2004

	Governmental Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Debt Service Fund	
REVENUES				
Taxes	\$ 2,572,809	\$ -	\$ -	\$ 2,572,809
Intergovernmental	113,052	794,943	-	907,995
Investment income	99,046	910	-	99,956
Miscellaneous	73,921	-	-	73,921
Total revenues	<u>2,858,828</u>	<u>795,853</u>	<u>-</u>	<u>3,654,681</u>
EXPENDITURES				
Current:				
Public safety - flood protection	1,050,478	-	-	1,050,478
Capital outlay	54,740	1,434,719	-	1,489,459
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>1,105,218</u>	<u>1,434,719</u>	<u>-</u>	<u>2,539,937</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,753,610</u>	<u>(638,866)</u>	<u>-</u>	<u>1,114,744</u>
OTHER FINANCING SOURCES (USES)				
Capital Lease	24,000	-	-	24,000
Operating transfers in	-	820,070	-	820,070
Operating transfers out	(820,070)	-	-	(820,070)
Total other financing sources (uses)	<u>(796,070)</u>	<u>820,070</u>	<u>-</u>	<u>24,000</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>957,540</u>	<u>181,204</u>	<u>-</u>	<u>1,138,744</u>
Fund balances - beginning of the year	<u>5,013,658</u>	<u>213,449</u>	<u>-</u>	
Fund balances - end of the year	<u>\$ 5,971,198</u>	<u>\$ 394,653</u>	<u>\$ -</u>	

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is capitalized in the statement of net assets.

This is the amount by which capital outlays exceeded depreciation expense during the year. 775,071

Governmental funds report changes in compensated absences in the General Long Term Debt Account Group, however the change increases or decreases personnel costs in the statement of activities.

15,814

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces the long term liabilities in the statement of net assets.

-

Change in net assets of governmental activities

\$ 1,929,629

See accompanying notes to financial statements

**BOARD OF LEVEE COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

INTRODUCTION

The Board of Levee Commissioners of the South Lafourche Levee District (the "Levee District") was created by Louisiana Revised Statute 38:291. The Levee District embraces all of Lafourche Parish lying south of the intracoastal canal. The Levee District primarily provides flood protection for those areas in the Levee District and is authorized to construct and maintain levees, levee drainage, pumps, pumping stations, drainage canals, sea wall, jetties, and breakwaters in the district to protect the lands from overflow and particularly from hurricane floodwaters and from inundation from tidewaters from the Gulf of Mexico. The Levee District administers the operations and responsibilities of Louisiana Statutes. Members of the Board are appointed by the Governor in accordance with the provisions of Louisiana Revised Statute 38:304.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

In June 1999, the Governmental Accounting Standards Board (GASB) approved Statement No. 34., "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*". The State of Louisiana and its components elected to implement the provisions of this statement for the year ended June 30, 2002. The implementation of this statement has created additional statements, schedules, reports, and note disclosures as follows:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the overall financial position and results of operations.
- Financial Statements are prepared using the full accrual accounting methods:
 - Depreciation is recorded on depreciable assets and property and equipment (including infrastructure) is recorded net of accumulated depreciation.
- The basic financial statements include Government-Wide Statements and Fund Financial Statements, as explained in the following note disclosures:

Reporting Entity

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the reporting entity for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the State to impose its will on that organization and/or

**BOARD OF LEVEE COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the State.
2. Organizations for which the State does not appoint a voting majority but are fiscally dependent on the State.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the State of Louisiana, via the Governor, appoints all of the members of the Levee District's governing board and has the ability to impose its will on the Levee District, the Levee District was determined to be a component unit of the State of Louisiana. The accompanying financial statements present information only on the funds maintained by the Levee District and do not present information on the State of Louisiana, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

Policies specific to the government-wide financial statements are as follows:

Eliminating Internal Activity

Interfund receivables and payables are eliminated in the Statement of Net Assets except for the net residual amounts due between governmental and business-type

**BOARD OF LEVEE COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

activities. These are presented as internal balances. The Levee District has no business-type activities.

Application of FASB Statements and Interpretations

Reporting on governmental-type activities is based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Capitalizing Assets

Assets used in operations with an initial useful life that extends beyond one year are capitalized. Buildings, equipment, furniture and fixtures and infrastructure are depreciated over their estimated useful lives. Depreciation is not calculated on land, land improvements or construction in progress. Accumulated depreciation is recorded net of depreciable assets in the Statements of Net Assets.

Program Revenues

The Statement of Activities presents two categories of program revenues – (1) charges for services and (2) capital grants and contributions.

Charges for services – are revenues from exchanges or exchange like transactions with external parties that purchase, use or directly benefit from the program's goods, services, or privileges. These revenues include fees charged for specific services, licenses and permits, and operating special assessment, and include payments from exchange transactions with other governments. The Levee District receives no fees for services.

Capital grants and contributions – are resources that are restricted for operating purposes of a program. They include grants and contributions with restrictions that permit the resources to be used for programs operating of capital needs at the recipient government's discretion.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty-one days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to various governmental funds according to the purpose for which they may or may not be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The Levee District reports the following major governmental funds:

General Fund

The General Fund is the general operating fund of the Levee District. It is used to account for all financial resources except those required to be accounted for in other funds.

Debt Service Fund

The Debt Service Fund was used to account for the accumulation of resources for, and the payment of, levee improvement bonds totaling \$1,500,000, issued September 1, 1994. These bonds were paid off during 2004, thus the Levee District has no outstanding bonds.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. The fund is presently being used to account for the construction of the levee system and pumping stations in the levee district.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon thereafter to be used to pay the liabilities of the current fiscal year. For the Levee District, available means expected to be received within thirty-one days of fiscal year-end. Under the modified accrual basis, *only interest is considered to be both measurable and available at fiscal year-end.*

Non-exchange transactions, in which the Levee District receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements including timing requirements, which specify the year when resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Levee District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Levee District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Revenues – Taxes

Ad valorem taxes are assessed on a calendar year basis, become due on November 15th of each year, and become delinquent on December 31st. The taxes are generally collected in December, January and February of the fiscal year. Ad valorem taxes (which are based on population and homesteads in the parish) are recorded in the year the taxes are received. If taxes were recorded when assessed the amount recorded would not be materially different from the amount in the financial statements.

Expenses/Expenditures

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Financing Sources (Uses)

In governmental fund accounting, transfers between funds, which are not *expected to be repaid*, are accounted for as other financing sources (uses). In those cases where repayment is expected, the advances are accounted for through the various "due from" and "due to" accounts. These amounts are eliminated in the government-wide financial statements.

Proceeds from the issuance of bonds are accounted for as other financing sources in the governmental funds. These amounts are recorded as liabilities in the government-wide financial statements.

Property and Equipment

Property and Equipment are recorded at cost, if purchased or constructed. Assets acquired through contributions are capitalized at their estimated fair value, if available, or at estimated fair value or cost to construct at the date of the contribution. Equipment includes all items valued above \$ 500 and infrastructure includes the cost to construct and improve the pumps, pump stations and lock systems. Assets are depreciated using the straight-line method over the useful lives of the assets as follows:

<u>Asset</u>	<u>Years</u>
Automobiles	5
Equipment	5-10
Furniture and Fixtures	7
Buildings	40
Infrastructure	40

The Levee District provides general maintenance to forty-four miles of levees, which are not recorded in these financial statements because the District does not own the levees and is not responsible for significant maintenance on them.

Under GASB Statement No. 34 the government-wide financial statements and the fund financial statements do not include the General Fixed Asset Account Group.

Long-Term Obligations

Long-term obligations are reported at face value.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under GASB Statement No. 34 the government-wide financial statements and the fund financial statements do not include the General Long Term Debt Account Group.

Budget Practices

The budget practices of the Levee District are prescribed by Louisiana Revised Statute 38:318. This statute requires the Levee District to submit its annual budget to the Joint Legislative Committee on the Budget, no later than 90 days prior to the end of each fiscal year for the succeeding fiscal year for review.

The Levee District prepares budgets for all its funds but does not budget the beginning fund balance for the Debt Service Fund. The budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). The budgets were amended once during the fiscal year.

Amendments to the budget must be approved by the Board of Commissioners.

Appropriations which are not expended lapse at year end.

Encumbrances

Encumbrance accounting is not utilized by the Levee District.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include demand deposits in banks and the State Treasury. The caption "cash in banks" on the Statement of Net Assets includes all cash on deposit at banks, including certificates of deposit with an original maturity of less than 90 days. If the original maturity exceeds 90 days they are classified as investments.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana or any other federally insured investments, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Louisiana state law requires deposits (cash and certificates of deposit) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision. The market value of the demand deposits and certificates of deposit is equal to their cost.

Annual and Sick Leave

Employees accumulate annual and sick leave at various rates based on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, an employee is compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is considered in computing the years of service for retirement benefit purposes. The liability for leave privileges at June 30, 2005 is estimated to be \$ 69,095 which is recorded as a liability in the government-wide financial statements.

Compensatory Leave

Employees who are considered having no-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-Time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour for hour compensatory leave earned. Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2005 is estimated to be \$ 8,419, which is recorded as a liability in the government-wide financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the data of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

NOTE 2. JUDGEMENTS, CLAIMS, AND SIMILAR CONTINGENCIES:

The Levee District is a defendant in several lawsuits involving disputed land ownership and rights-of-way. In the opinion of legal counsel for the Levee District, resolution of these lawsuits will be favorable to the Levee District or the liability, if any resulting from these lawsuits would not be material to the financial statements.

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NOTE 3. PENSION PLAN:

Substantially all employees of the Levee District are members of the Louisiana State Employees Retirement System (LASERS), a cost-sharing, multi-employer public employee retirement system. LASERS is a statewide public retirement system, which is organized for the purpose of providing retirement and other benefits for employees of the state and its various departments and agencies and their beneficiaries, and is administered and controlled by a separate board of trustees. Contributions of participating state agencies are pooled within LASERS to fund accrued benefits, with contribution rates approved by the Louisiana Legislature.

All full-time Levee District employees are eligible to participate in LASERS. Benefits vest with ten years of service. At retirement age, employees are entitled to annual benefits equal to \$ 300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service. Vested employees are entitled to a retirement benefit payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. LASERS also provides death and disability benefits. Benefits are established by state statute. LASERS issues an annual publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (225) 922-0600.

Covered employees are required by state statute to contribute 7.5% of gross salary and the Levee District is required to contribute at an actuarially determined rate. The contribution rate for the fiscal year ended June 30, 2005 was 17.8% of covered payroll, for June 30, 2004 it was 15.8% and was 14.1% for fiscal year ended June 30, 2003. The contribution requirements of plan members and the Levee District are established and may be amended by state statute. As provided by R.S. 11:102, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation from the prior fiscal year. The South Lafourche Levee District contributions to LASERS for the years ended June 30, 2005, 2004 and 2003 were \$ 62,188, \$ 49,237 and \$ 42,692, respectively, equal to the required contributions for each year.

NOTE 4. PER DIEM PAID BOARD MEMBERS:

Per diem payments are presented on Schedule III. The per diem payments are authorized by Louisiana Revised Statute 38:308.

**BOARD OF LEVEE COMMISSIONERS OF THE
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JUNE 30, 2005**

NOTE 5. PROPERTY AND EQUIPMENT:

At June 30, 2005, the Levee District reported the following capital assets valued at historical cost. A summary of changes in capital assets is as follows:

	Balance July 1, 2004	Adjustments	Additions	Deletions	Balance June 30, 2005
Capital Assets not being depreciated:					
Land	\$ 132,588	-	-	-	\$ 132,588
Leon Theriot Lock	424,688		1,219,794		1,644,482
PS No. 4 New Pump	-	-	39,218	-	39,218
Total assets not being depreciated	\$ 557,276	\$ -	\$ 1,259,012	\$ -	\$ 1,816,288
Capital Assets being depreciated:					
Buildings	\$ 203,486	\$ -	\$ -	\$ -	\$ 203,486
Equipment	513,321	-	54,740	-	568,061
Pump Station No. 1	3,223,185	-	-	-	3,223,185
Pump Station No. 8	700,953	-	-	-	700,953
Pump Station No. 2	3,692,087	-	-	-	3,692,087
Pump Station No. 6	5,060,286	-	-	-	5,060,286
Pump Station No. 4	2,844,216	-	-	-	2,844,216
Pump Station No. 7	2,902,317	-	-	-	2,902,317
Total assets being depreciated	\$ 19,139,851	\$ -	\$ 54,740	\$ -	\$ 19,194,591

Accumulated Depreciation:

	Balance July 1, 2004	Adjustments	Additions	Deletions	Balance June 30, 2005
Land	\$ -	-	-	-	-
Buildings	86,463	-	5,087	-	91,550
Equipment	397,703	-	52,477	-	450,180
Pump Station No. 1	1,611,585	-	80,580	-	1,692,165
Pump Station No. 8	438,093	-	17,524	-	455,617
Pump Station No. 2	1,476,839	-	92,302	-	1,569,141
Pump Station No. 6	1,138,568	-	126,507	-	1,265,075
Pump Station No. 4	568,856	-	71,105	-	639,961
Pump Station No. 7	435,345	-	72,558	-	507,903
Total Accumulated depreciation	6,153,452	\$ -	518,140	-	6,671,592
Total Capital Assets, net	\$ 13,543,675	\$ -	\$ 795,612	\$ -	\$ 14,339,287

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PROPERTY AND EQUIPMENT (Continued)

Depreciation expense amounted to \$ 518,140 for the year ended June 30, 2005. The Leon Theriot Lock and the additional pump at pumping station No. 4 are under construction and were not placed in service in 2005.

NOTE 6. LONG-TERM OBLIGATIONS:

The Levee District has no outstanding bonds as of June 30, 2005. The Levee District paid off its bond issue during 2004.

Changes in Long-Term Liabilities

A summary of changes in long-term liabilities follows:

	<u>June 30, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>June 30, 2005</u>	<u>Amounts due within one year</u>
Bonds Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Compensated Absences	84,910	15,492	(31,307)	-	69,095	5,000
	<u>\$ 84,910</u>	<u>\$ 15,492</u>	<u>\$ (31,307)</u>	<u>\$ -</u>	<u>\$ 69,095</u>	<u>\$ 5,000</u>

NOTE 7. DEPOSITS (Cash and Certificates of Deposit):

Cash and Cash Equivalents

The carrying amounts of the Levee District's deposits are as follows for the year ended June 30, 2005:

	<u>General Fund:</u>	
Demand deposits		\$ 439,581
Certificates of deposit		<u>5,295,000</u>
Total general fund		<u>\$ 5,734,581</u>
	<u>Capital projects fund:</u>	
Demand deposits		<u>\$ 800,488</u>
Total enterprise fund		<u>\$ 800,488</u>

Cash and cash equivalents are stated at cost, which approximates market.

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JUNE 30, 2005**

DEPOSITS (Continued)

Under State law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement No. 40, which amended GASB Statement No. 3, only requires disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either:

- 1) uninsured and uncollateralized,
- 2) uninsured and collateralized with securities held by the pledging financial institution or
- 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name

At June 30, 2005, the Levee District had no deposits that were required to be reported in any of the three categories listed above.

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS:

The Levee District provides certain continuing health care and life insurance benefits for its retired employees. Substantially all Levee District employees become eligible for those benefits if they reach normal retirement age while working for the Levee District. Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid by the Levee District for health care for active employees and paid jointly by the employee and the Levee District for life insurance. After retirement the health care premiums are paid jointly by the Levee District and the retiree. The Levee District recognizes the cost of providing these benefits (Levee District's portion of premiums) as an expenditure when paid during the year, which was \$ 92,752 for the year ended June 30, 2005. The Levee District's cost of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 2005 the costs of retiree benefits totaled \$ 8,208. The cost of active employee benefits for the year ended June 30, 2005 totaled \$ 84,544. The Levee District's group plan at the end of the year included twelve active employees and 1 retiree.

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JUNE 30, 2005**

NOTE 9. COOPERATIVE ENDEAVOR AGREEMENT:

The Levee District signed a Cooperative Endeavor Agreement with the State of Louisiana on March 15, 2002 to plan and construct the Leon Theriot Lock System. The Levee District started construction of its new lock system during the fiscal year ended June 30, 2005. The lock system will allow the Levee District to maintain "safe" water levels without disrupting shipping traffic. The lock system will be financed with the Levee District's funds and capital contributions from the State of Louisiana and Lafourche Parish as outlined below.

Expenditures for the lock system will come in four phases:

- Planning and design which consists mostly of engineering fees (engineering fees will be incurred throughout the project)
- Concrete barge construction
- Section gate construction
- Installation

Anticipated costs for the project are estimated to be \$ 14,758,349 in total with amounts for each phase of the project as follows:

- Engineering costs estimated at \$ 1,435,688
- Concrete barge construction costs estimated at \$ 5,642,500
- Section gate costs estimated at \$ 1,498,807
- Installation costs estimated at \$ 6,181,354

The Levee District expects to finance the project through the following sources:

- State of Louisiana Coastal Impact/Assistance Program - \$ 1,000,000
- Lafourche Parish Coastal Impact/Assistance Program - \$ 250,000
- State of Louisiana Capital Outlay (2004) - \$ 3,295,000
- State of Louisiana appropriation - \$ 450,000 (engineering funds)
- Greater Lafourche Port Commission - \$ 2,000,000
- Lafourche Parish Government - \$ 2,000,000
- State of Louisiana Capital Outlay (2005) - \$ 1,500,000
- Other funding sources including the Levee District general fund - \$ 4,263,349

As of June 30, 2005 the Levee District used \$ 354,364 of the engineering funds leaving a remaining balance of \$ 95,636. Also as of June 30, 2005 the Levee District has used \$ 513,012 of the 2004 State of Louisiana capital outlay leaving a remaining balance of

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

COOPERATIVE ENDEAVOR AGREEMENT (Continued)

\$ 2,781,988. The Levee District also used \$ 244,929 of the Lafourche Parish Coastal Impact/Assistance Program funds as of June 30, 2005.

The Levee District has entered into two contracts as of June 30, 2005 related to the new lock system. The first contract, signed in February 2005, is for construction of the concrete barge in the amount of \$ 5,642,500. Construction has begun on the concrete barge and total expenses incurred through June 30, 2005 amounted to \$ 1,188,878 (including \$ 59,444 of retainage). The second contract for the section gate was signed in June 2005 in the amount of \$ 1,396,975. Construction had not begun as of June 30, 2005.

NOTE 10. INVESTMENTS:

Investments are stated at fair value. The Levee District accounts for investments in accordance with GASB Statement 31. This statement requires investments to be carried at fair value with unrealized changes being recorded in the statement of revenues, expenses and changes in retained earnings.

Investments held at June 30, 2005 consist of \$ 204,269 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section I50.126, the investment in LAMP at June 30, 2005 is not categorized in the three risk categories provided by GASB Codification Section I50.126 because the investment is in a pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA – R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA – R.S. 33:2955 (A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United

**BOARD OF LEVEE COMMISSIONERS OF THE
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STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

INVESTMENTS (Continued)

States corporations.” Effective October 1, 2001, LAMP’s investment guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured and unregistered and are either held by a counterparty, or held by a counterparty’s trust department or agent not in the entity’s name.

Following GASB Statement 3, investments were categorized according to the level of risk to the entity:

Category 1 - Insured or registered in the entity's name, or securities held by the entity or its agent in the entity's name (separate disclosure no longer required)

Category 2 - Uninsured and unregistered with securities held by the counterparty's trust department or agent in the entity's name (separate disclosure no longer required)

Category 3 - Unsecured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the entity's name (separate disclosure still required under GASB Statement 40)

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by the 3 categories of risk listed above. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. However, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty’s trust department or agent not in the entity’s name.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

INVESTMENTS (Continued)

Investments at June 30, 2005 are as follows:

<u>Type of Investment</u>	<u>Category of risk</u>			<u>Fund</u>	<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>			
Certificates of Deposit at banks	\$ 5,295,000	\$ -	\$ -	\$ -	\$ 5,295,000	\$ 5,295,000
LAMP				204,269	204,269	204,269
						-
TOTALS	\$ 5,295,000	\$ -	\$ -	\$ 204,269	\$ 5,499,269	\$ 5,499,269

NOTE 11. COMMITMENTS AND CONTINGENCIES:

The Levee District has entered into two contracts as of June 30, 2005 related to the new lock system. The first contract, signed in February 2005, is for construction of the concrete barge in the amount of \$ 5,642,500. Construction has begun on the concrete barge and total expenses incurred through June 30, 2005 amounted to \$ 1,188,878 (including \$ 59,444 of retainage) with a remaining commitment of \$ 4,453,622.

The second contract is for construction of the section gate was signed in June 2005 in the amount of \$ 1,396,975. Construction had not begun as of June 30, 2005 and therefore no expenditures were incurred.

The Levee District has also begun construction of an additional pump at Pumping Station Number 4. The contract to add the new pump was approved in November 2004 in the amount of \$ 611,793. The Levee District had not incurred any costs under this contract as of June 30, 2005.

NOTE 12. CAPITAL LEASE:

During 2005 the Levee District entered into a capital lease for the acquisition of an excavator. The cost of the asset purchased under the capital lease was \$ 24,000 and that amount is reported in property and equipment on the statement of net assets. At June 30, 2005, the remaining balance due on the capital lease was \$ 20,541 which is reported under short term capital lease obligations on the statement of net assets. The Levee District will pay off the capital lease by May 2006. Future minimum lease payments amount to \$ 21,142 including \$601 interest and \$ 20,541 principal all to be paid during 2006.

**BOARD OF LEVEE COMMISSIONERS OF THE
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SUPPLEMENTARY SCHEDULE
JUNE 30, 2005**

REQUIRED SUPPLEMENTARY SCHEDULES

**BOARD OF LEVEE COMMISSIONERS OF THE
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REQUIRED SUPPLEMENTARY SCHEDULE
JUNE 30, 2005**

**SCHEDULE I
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 2,250,000	\$ 2,569,000	\$ 2,572,809	\$ 3,809
Intergovernmental Revenues	4,765,036	100,079	113,052	12,973
Investment Income	36,635	70,704	99,046	28,342
Other Revenues	30,000	93,073	73,921	(19,152)
Total Revenues	7,081,671	2,832,856	2,858,828	25,972
EXPENDITURES				
Current:				
Public safety - flood protection				
Personal Services	407,000	414,000	398,445	15,555
Related Benefits	213,000	248,250	193,351	54,899
Travel	6,500	4,050	10,728	(6,678)
Professional Services	23,300	18,200	16,345	1,855
Operating Services	269,171	332,915	286,893	46,022
Supplies	47,200	56,150	59,468	(3,318)
Other	70,800	88,125	85,518	2,607
Capital Outlay	50,000	35,000	54,470	(19,470)
Total Expenditures	1,086,971	1,196,690	1,105,218	91,472
Excess of revenues over expenditures	5,994,700	1,636,166	1,753,610	117,444
OTHER FINANCING SOURCES (USES)				
Capital lease	-	-	24,000	(24,000)
Operating Transfers In	-	-	-	-
Operating Transfers Out	(5,994,700)	(6,649,824)	(820,070)	5,829,754
Total other financing sources (uses)	(5,994,700)	(6,649,824)	(796,070)	5,805,754
Excess of revenues and other financing sources over expenses and other financing uses	-	(5,013,658)	957,540	5,923,198
Fund balances - beginning of year	-	5,013,658	5,013,658	-
Fund balances - end of year	\$ -	\$ -	\$ 5,971,198	\$ 5,923,198

See accompanying notes to financial statements.

**BOARD OF LEVEE COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY SCHEDULE
JUNE 30, 2005**

**SCHEDULE II
BUDGET (GAAP BASIS) AND ACTUAL
DEBT SERVICE AND CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2005**

	Debt Service Fund				Capital Projects Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES								
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 794,943	\$ 794,943
Interest on Investments	-	-	-	-	1,100	1,100	910	(190)
Other	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	1,100	1,100	795,853	-
EXPENDITURES								
Capital Outlay	-	-	-	-	5,995,800	6,864,373	1,363,247	5,501,126
Debt Service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Paying Agent Fees	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	5,995,800	6,864,373	1,363,247	5,501,126
Excess (deficiency) of revenues over expenditures	-	-	-	-	(5,994,700)	(6,863,273)	(567,394)	868,573
OTHER FINANCING SOURCES								
Operating Transfers In	-	-	-	-	5,994,700	6,649,824	748,598	(655,124)
Operating Transfers Out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	5,994,700	6,649,824	748,598	(655,124)
Excess (deficiency) of revenues and other financing sources over expenses and other financing uses	-	-	-	-	-	(213,449)	181,204	394,653
Fund balances - beginning of year	-	-	-	-	-	213,449	213,449	-
Fund balances - end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 394,653	\$ 394,653

See accompanying notes to financial statements

**BOARD OF LEVEE COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
SUPPLEMENTARY SCHEDULE
JUNE 30, 2005**

OTHER SUPPLEMENTARY SCHEDULES

**BOARD OF LEVEE COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
SUPPLEMENTARY SCHEDULE
JUNE 30, 2005**

**SCHEDULE III
PER DIEM PAID BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>NUMBER OF MEETINGS</u>	<u>AMOUNT</u>
Lula Auenson	14	\$ 1,050.00
Russell Bruce	1	75.00
Ronald Callais	24	1,800.00
Ernest J. Gremillion	18	1,350.00
Bob Faulk	20	1,500.00
Robert Eymard, Sr.	17	1,275.00
Ernest Richoux, Jr.	3	225.00
Roy Gisclair	18	1,350.00
Monty Vegas	17	1,275.00
CJ Marts	13	975.00
	<hr/>	<hr/>
Total	<u>145</u>	<u>\$ 10,875.00</u>

**BOARD OF LEVEE COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
SUPPLEMENTARY SCHEDULE
JUNE 30, 2005**

**SCHEDULE IV
REPORTING PACKET
DIVISION OF ADMINISTRATION
OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY
ANNUAL FINANCIAL REPORT**

BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
(Agency Name)
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2005

C O N T E N T S

TRANSMITTAL LETTER
AFFIDAVIT

Statements

MD&A

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STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 2005

BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT


Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, WINDELL CROLE (Name)
E.D.
(Title) of SOUTH LAF Levee DIST (Agency) who duly sworn, deposes and says, that the
financial statements herewith given present fairly the financial position of
(agency) at June 30, 2005 and the results of operations for the year then ended in accordance with
policies and practices established by the Division of Administration or in accordance with Generally
Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board.
Sworn and subscribed before me, this 26 day of August, 2005.


Signature of Agency Official


NOTARY PUBLIC

H. Harwell Herrin, Bar Roll No. 6828
Notary No. 59814

Prepared by: HENZ & MACALUSO LLC

Title: CPA'S

Telephone No.: 504 - 837-5434

Date: 8-26-05



SOUTH LAFOURCHE LEVEE DISTRICT BOARD OF COMMISSIONERS

P.O. Box 426 • Galliano, LA 70354
Telephone 985.632.7554 • Fax 985.632.7555
Email sild@mobiletel.com • Web www.sild.net



Ronald Callais, President

Windell Curole, General Manager

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis of the Board of Levee Commissioners of the South Lafourche Levee District (the "Levee District") financial performance presents a narrative overview and analysis of the commission's financial activities for the year ended June 30, 2005. This document focuses on the current year's activities, resulting changes and currently known facts. Please read this document in conjunction with the Levee District's financial statements.

Financial Highlights

- Total net assets increased \$ 1,929,629 to \$ 20,615,500 at June 30, 2005 from the June 30, 2004 amount of \$ 18,685,872.
- Tax revenues increased \$ 158,050 to \$ 2,572,809 at June 30, 2005 from the June 30, 2004 amount of \$ 2,414,759 due to an increasing taxable base.
- The Levee District recorded capital contributions from the State of Louisiana and Lafourche Parish in the amount of \$ 784,943 under their Cooperative Endeavor Agreement for the Leon Theriot Lock System. Total revenue recorded by the Levee District under this agreement (executed March 2002) since its inception through June 30, 2005 is \$ 1,139,307.
- The new Leon Theriot Lock System has started the construction phase – we have capitalized \$ 1,644,482, which is included in property and equipment in the financial statements.

Ronald Callais
Roy Gisclair
Bob Faulk
Clarence Marts, Jr.
Monty Vegas

President
Commissioner
Commissioner
Commissioner
Commissioner

Lula Auenson
Robert Eymard, Sr.
E.J. Gremillion
Ernest Richoux
Windell Curole

Vice President
Commissioner
Commissioner
Commissioner
Executive Secretary

- The Levee District paid off its bond during 2004 – one year earlier than required (\$545,000 principal and \$17,651 in interest) and has incurred no additional bond debt. The Levee District's only debt as of June 30, 2005 is for compensated absences in the amount of \$ 69,096 and a capital lease obligation for equipment in the amount of \$ 20,541.

Overview of the basic financial statements

This discussion and analysis is intended to serve as an introduction to the Levee District's financial statements, which is comprised of government wide-financial statements, fund financial statements and notes to the financial statements.

The government-wide financial statements present financial information for all activities of the Levee District from an economic resources measurement focus using the accrual basis of accounting. They present governmental activities, such as general government and debt service, separately from business-type activities. The Levee District has only governmental activities. Government-wide financial statements for governmental activities include the Statement of Net Assets and the Statement of Activities. They provide information about the activities of the Levee District as a whole and present a longer-term view of the Levee District's finances.

The Levee District has three governmental type funds – General Fund, Debt Service Fund and the Capital Projects Fund. The fund financial statements are comprised of the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances. These statements report how the Levee District's flood protection services were financed in the short term as well as what remains for future spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Levee District's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Levee District's programs. Fund financial statements also report the Levee District's operations in more detail than the government wide statements by providing information about the Levee District's major funds. We describe the relationship (or differences) between the governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental funds in a reconciliation at the bottom of the fund financial statements.

Financial Analysis of the Levee District

The following presents condensed financial information on the operations of the Levee District:

	June 30, 2005	June 30, 2004	Change Inc (Dec)
Current Assets	\$ 7,351,382	\$ 5,284,328	\$ 2,067,054
Capital Assets, net	14,339,287	13,543,675	795,612
Total Assets	21,690,669	18,828,003	2,862,666
Current Liabilities	1,011,072	62,221	948,851
Long Term Liabilities	64,096	79,910	(15,814)
Total Liabilities	1,075,168	142,131	933,037
Net Assets Invested in Capital Assets	14,339,287	13,543,675	795,612
Reserved for Debt Service	-	-	-
Unrestricted Net Assets	6,276,214	5,142,197	1,134,017
Total Net Assets	20,615,501	18,685,872	1,929,629
Program Revenues:			
Capital Grants and Contributions	794,943	205,392	589,551
General Revenues			
Taxes	2,572,809	2,414,759	158,050
Investment	99,956	49,197	50,759
Intergovernmental Revenues			
State Revenue Sharing	48,852	48,773	79
Lafourche Basin Levee District	57,696	90,799	(33,103)
FEMA	6,504	-	6,504
Other	2,448	2,532	(84)
Total General Revenues	2,788,265	2,606,060	182,205
Total Revenues	3,583,208	2,811,452	771,756
Total Expenses	1,653,579	1,616,046	37,533
Change in Net Assets	\$ 1,929,629	\$ 1,195,406	\$ 734,223

The Levee District's net assets increased by \$ 1,929,629 during the fiscal year ended June 30, 2005 primarily due to an increase in capital grants and contributions as well as tax revenues and investment income in the current year offset by a decrease in intergovernmental revenues. Also, total expenses only increased \$ 37,533 from the prior year.

Analysis of Individual Funds of the Levee District

The activity in the individual funds is reflected in the Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds. The total net assets and the change in net assets as reflected in the government-wide financial statements (which are condensed above) are reconciled with the fund financial statements at the bottom of the respective statements.

Analysis of Budgeted Amounts

A comparison of budget to actual for the general fund, capital projects fund and the debt service fund is presented as a required supplemental statement. The annual budget is approved by the Board of Commissioners each year. The budget is then submitted for approval to the Joint Legislative Committee on the Budget no later than ninety days prior to the end of each fiscal year for the succeeding fiscal year for review. The fiscal year ended June 30, 2005 original budget was adopted March 8, 2004 and was subsequently amended on June 13, 2005.

The Levee District prepares the original budget for the subsequent year based on estimates of revenues and expenses for the current year. The Levee District makes assumptions about the subsequent year based on various factors available to management at the time the original budget is prepared. Management relies on these estimates and assumptions to determine how revenues and expenses for the subsequent year may fluctuate from the previous year. The amount budgeted for tax revenue in the final budget was increased by \$ 319,000 over the original budget. This increase was due to the timing of the original budget and an increased taxable base due to development in the District. Also the amount budgeted for state grants was decreased from the original budgeted amount by \$ 4,664,957 due to the timing of projects where expenses will be shared with the state, due primarily to estimated construction of the new Lock System. There were no other significant fluctuations between the original and final budgeted amounts.

The Levee District's general fund revenues were more than budgeted amounts by \$ 25,972 and expenditures were less than budgeted amounts by \$ 91,472. The difference in revenue was primarily due to a decrease in other income compared to budgeted amounts offset by an increase in all other general revenues. The difference in expenses was due to a decrease in operating services and benefits compared to budgeted amounts for the year ended June 30, 2005.

Economic Factors and Next Year's Budgets

The millage for 2004 taxes collected during the fiscal year ended June 30, 2005 was levied at 9.86 mills. The Levee District does not expect the millage rate to change for the 2005 taxes, which will be collected during the year ended June 30, 2006. Accordingly, tax revenues should be fairly consistent with the prior year. However, the taxable base has been increasing over the past few years, which has resulted in an increase in total tax revenues for the Levee District. The Levee District's budget for 2006 will include anticipated construction costs on the Leon Theriot Lock System and the corresponding revenue that would be received from the state under the Cooperative Endeavor Agreement. The total amount budgeted in 2006 for capital outlay and state grants are \$ 8,568,252 and \$ 3,250,000, respectively (See discussion of capital assets below). These amounts will vary depending on the progress of construction of the Lock System. The Levee District does not expect any significant variances for any other revenue or expenditure accounts between fiscal years ending June 30, 2005 and June 30, 2006.

Capital Assets and Long Term Debt Administration

Capital Assets

As of June 30, 2005 the Levee District had \$ 14,339,287 (net of depreciation) invested in a broad range of capital assets including land, buildings, equipment and infrastructure (pump stations and pumps). The levees are not owned by the Levee District and the Levee District is not responsible for significant maintenance on them, therefore they are not recorded as capital assets. During the current year the Levee District recorded \$ 54,740 of capital acquisitions in equipment and \$ 1,259,012 on the new lock system.

The Levee District started construction of its new lock system, the Leon Theriot Lock System, during the fiscal year ended June 30, 2005. The lock system will allow the Levee District to maintain "safe" water levels without disrupting shipping traffic. The lock system will be financed with the Levee District's funds and capital contributions from the State of Louisiana and Lafourche Parish as outlined below.

Expenditures for the lock system will come in four phases:

- Planning and design which consists mostly of engineering fees (engineering fees will be incurred throughout the project)
- Concrete barge construction
- Section gate construction
- Installation

Anticipated costs for the project are estimated to be \$ 14,758,349 in total with amounts for each phase of the project as follows:

- Engineering costs estimated at \$ 1,435,688
- Concrete barge construction costs estimated at \$ 5,642,500
- Section gate costs estimated at \$ 1,498,807
- Installation costs estimated at \$ 6,181,354

The Levee District expects to finance the project through the following sources:

- State of Louisiana Coastal Impact/Assistance Program - \$ 1,000,000
- Lafourche Parish Coastal Impact/Assistance Program - \$ 250,000
- State of Louisiana Capital Outlay (2004) - \$ 3,295,000
- State of Louisiana appropriation - \$ 450,000 (engineering funds)
- Greater Lafourche Port Commission - \$ 2,000,000
- Lafourche Parish Government - \$ 2,000,000
- State of Louisiana Capital Outlay (2005) - \$ 1,500,000
- Other funding sources including the Levee District general fund - \$ 4,263,349

As of June 30, 2005 the Levee District used \$ 354,364 of the engineering funds leaving a remaining balance of \$ 95,636. Also as of June 30, 2005 the Levee District has used \$ 513,012 of the 2004 State of Louisiana capital outlay leaving a remaining balance of \$ 2,781,988. The Levee District also used \$ 244,929 of the Lafourche Parish Coastal Impact/Assistance Program funds as of June 30, 2005.

The Levee District has entered into two contracts as of June 30, 2005 related to the new lock system. The first contract, signed in February 2005, is for construction of the concrete barge in the amount of \$ 5,642,500. Construction has begun on the concrete barge and total expenses incurred through June 30, 2005 amounted to \$ 1,188,878 (including \$ 59,444 of retainage). The second contract for the section gate was signed in June 2005 in the amount of \$ 1,396,975. Construction had not begun as of June 30, 2005.

The Levee District has also begun construction of an additional pump at Pumping Station Number 4. As of June 30, 2005 total costs to date incurred on this project amounted to \$ 39,218. The contract to add the new pump was approved in November 2004 in the amount of \$ 611,793. The Levee District had not incurred any costs under this contract as of June 30, 2005.

Long Term Debt

The Levee District has no bond issues outstanding.

The Levee District also has recorded compensated absences payable as of June 30, 2005 in the amount of \$ 69,096, which represents an decrease of \$ 15,814 from the prior year. The Levee District has classified \$ 5,000 of the above amount as short term.

In addition, the Levee District recorded a short term capital lease obligation as of June 30, 2005 in the amount of \$ 20,541.

Contacting the Levee District's Financial Management

This report is designed to provide our citizens, taxpayers and creditors with a general overview of the Levee District's finances. If you have any questions regarding this report, contact the South Lafourche Levee District, Post Office Box 426, Galliano, Louisiana 70354.

**STATE OF LOUISIANA
BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT (BTA)
BALANCE SHEET
AS JUNE 30, 2005**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note C1)	\$	4,940,069
Investments (Note C2)		1,799,269
Receivables (net of allowance for doubtful accounts)(Note U)		558,666
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		
Notes receivable		
Other current assets		53,378
Total current assets		7,351,382

NONCURRENT ASSETS:

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Notes receivable		
Investments		
Capital assets (net of depreciation)(Note D)		
Land		132,588
Buildings and improvements		111,936
Machinery and equipment		117,881
Infrastructure		12,293,182
Construction in progress		1,683,700
Other noncurrent assets		
Total noncurrent assets		14,339,287
Total assets	\$	21,690,669

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$	41,583
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		
Amounts held in custody for others		
Other current liabilities		
Current portion of long-term liabilities:		
Contracts payable		943,948
Reimbursement contracts payable		
Compensated absences payable (Note K)		5,000
Capital lease obligations - (Note J)		20,541
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total current liabilities		1,011,072

NON-CURRENT LIABILITIES:

Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		64,096
Capital lease obligations (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total long-term liabilities		64,096
Total liabilities		1,075,168

NET ASSETS

Invested in capital assets, net of related debt		14,339,287
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		6,276,214
Total net assets		20,615,501
Total liabilities and net assets	\$	21,690,669

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA
BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT (BTA)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2005

OPERATING REVENUES

Sales of commodities and services	\$	
Assessments		
Use of money and property		99,956
Licenses, permits, and fees		
Taxes		2,572,809
Intergovernmental revenues		113,052
Other		2,448
Total operating revenues		2,788,265

OPERATING EXPENSES

Cost of sales and services (FLOOD PROTECTION)	1,135,439
Administrative	
Depreciation	518,140
Amortization	
Total operating expenses	1,653,579
Operating income(loss)	1,134,686

NON-OPERATING REVENUES(EXPENSES)

State appropriations	
Intergovernmental revenues (expenses)	794,943
Taxes	
Use of money and property	
Gain (loss) on disposal of fixed assets	
Federal grants	
Interest expense	
Other	
Total non-operating revenues(expenses)	794,943
Income(loss) before contributions and transfers	1,929,629

Capital contributions

Transfers in

Transfers out

Change in net assets	1,929,629
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Total net assets – beginning as restated	18,685,872
--	------------

Total net assets – ending	\$ 20,615,501
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The accompanying notes are an integral part of this financial statement.
Statement B

STATE OF LOUISIANA
BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT (BTA)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

		Program Revenues		
		Operating	Capital	Net (Expense)
	Expenses	Charges for	Grants and	Revenue and
		Services	Grants and	Changes in
		Contributions	Contributions	Net Assets
Entity	\$ 1,653,579	\$	\$ 794,943	\$ (858,636)
General revenues:				
Taxes				2,572,809
State appropriations				
Grants and contributions not restricted to specific programs				
Interest				99,956
Intergovernmental revenues				113,052
Miscellaneous				2,448
Special items				
Transfers				
Total general revenues, special items, and transfers				2,788,265
Change in net assets				1,929,629
Net assets - beginning as restated				18,685,872
Net assets - ending				\$ 20,615,501

STATE OF LOUISIANA
BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT (BTA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005

Cash flows from operating activities		
Cash received from customers	\$	
Cash payments to suppliers for goods and services		
Cash payments to employees for services		(553,602)
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		2,157,166
Net cash provided(used) by operating activities	\$	1,603,564
Cash flows from non-capital financing activities		
State appropriations		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Other		
Transfers In		
Transfers Out		
Net cash provided(used) by non-capital financing activities		-
Cash flows from capital and related financing activities		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets		(331,756)
Proceeds from sale of capital assets		
Capital contributions		236,277
Other		
Net cash provided(used) by capital and related financing activities		(95,479)
Cash flows from investing activities		
Purchases of investment securities		(4,083)
Proceeds from sale of investment securities		1,250,000
Interest and dividends earned on investment securities		
Net cash provided(used) by investing activities		1,245,917.00
Net increase(decrease) in cash and cash equivalents		2,754,002.00
Cash and cash equivalents at beginning of year		2,186,067.00
Cash and cash equivalents at end of year	\$	4,940,069.00

The accompanying notes are an integral part of this statement.
Statement D

**STATE OF LOUISIANA
BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT (BTA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005**

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		\$ <u>1,134,686</u>
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	<u>518,140</u>	
Provision for uncollectible accounts	<u></u>	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	<u>(6,617)</u>	
(Increase)decrease in due from other funds	<u></u>	
(Increase)decrease in prepayments	<u></u>	
(Increase)decrease in inventories	<u></u>	
(Increase)decrease in other assets	<u>(27,007)</u>	
Increase(decrease) in accounts payable and accruals	<u>(15,638)</u>	
Increase(decrease) in accrued payroll and related benefits	<u></u>	
Increase(decrease) in compensated absences payable	<u>0</u>	
Increase(decrease) in due to other funds	<u></u>	
Increase(decrease) in deferred revenues	<u></u>	
Increase(decrease) in other liabilities	<u></u>	
Net cash provided(used) by operating activities		\$ <u><u>1,603,564</u></u>

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease	\$ <u>20,541</u>
Contributions of fixed assets	<u></u>
Purchases of equipment on account	<u></u>
Asset trade-ins	<u></u>
Other (specify)	<u></u>
<u></u>	<u></u>
<u></u>	<u></u>
Total noncash investing, capital, and financing activities:	\$ <u><u>20,541</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2005

INTRODUCTION

The Board of Levee Commissioners of the South Lafourche Levee District (Levee District) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:291. The following is a brief description of the operations of the Levee District which includes the parish/parishes in which the Levee District is located:

The Board of Levee Commissioners of the South Lafourche Levee District (the "Levee District") was created by Louisiana Revised Statute 38:291. The Levee District embraces all of Lafourche Parish lying south of the intracoastal canal. The Levee District primarily provides flood protection for those areas in the Levee District and is authorized to construct and maintain levees, levee drainage, pumps, pumping stations, drainage canals, sea wall, jetties, and breakwaters in the district to protect lands from overflow and particularly from hurricane floodwaters and from inundation from tidewaters from the Gulf of Mexico. The Levee District administers the operations and responsibilities of Louisiana Statutes. Members of the Board are appointed by the Governor and in accordance with the provisions of Louisiana Revised Statute 38:304.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Levee District present information only as to the transactions of the programs of the Levee District as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Levee District are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

STATE OF LOUISIANA
BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
Notes to the Financial Statement
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B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Levee District (BTA) are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

The budget practices of the Levee District are prescribed by Louisiana Revised Statute 38:318. This statute requires the Levee District to submit its annual budget to the Joint Legislative Committee on the Budget, no later than 90 days prior to the end of each fiscal year for the succeeding fiscal year for review.

The Levee District prepares budgets for all its funds but does not budget the beginning fund balances for the Debt Service Fund. The budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). The budgets were amended once during the fiscal year.

Amendments to the budget must be approved by the Board of Commissioners.

Appropriations which are not expended lapse at year end.

	<u>APPROPRIATIONS</u>
Original approved budget	\$ _____
Amendments:	_____ _____ _____ _____
Final approved budget	\$ _____

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.)

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Levee District (BTA) may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the (BTA) may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan

STATE OF LOUISIANA

BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT

Notes to the Financial Statement

As of and for the year ended June 30, 2005

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

Following GASB Statement 3, deposits were classified into three categories of custodial credit risk depending on whether they were insured or collateralized, and who held the collateral and how it was held. Category 1 – Deposits that are covered by insurance (FDIC) or collateralized with securities that are held by the entity in the entity's name or registered in the entity's name. (separate disclosure no longer required)

Category 2 – Deposits that are not insured but are collateralized with securities that are held by the financial institution's trust department or agent and are in the entity's name. (separate disclosure no longer required)

Category 3 – Deposits that are not covered by insurance and also are not collateralized. Not collateralized includes when the securities (collateral) are held by the financial institution's trust department or agent and they are not in the entity's name. (separate disclosure still required)

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all deposits by the 3 categories of risk listed above. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2005, consisted of the following:

	Cash	Certificates of Deposit	Other (Describe)	Total
Deposits in Bank Accounts Per Balance Sheet	\$ 996,147	\$ 3,700,000	\$	\$ 4,696,147.00
Bank Balances of Deposits Exposed to Custodial Credit Risk:				
a. Uninsured and uncollateralized	\$	\$	\$	\$ -
b. Uninsured and collateralized with securities held by the pledging institution				-
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the entity's name				-
Total Bank Balances - All Deposits	\$ 1,023,442	\$ 3,700,000	\$	\$ 4,723,442.00

NOTE: The "Total Bank Balances – All Deposits" will not necessarily equal the "Deposits in Bank Account per Balance Sheet" due to outstanding items.

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

STATE OF LOUISIANA
BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
Notes to the Financial Statement
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<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1. State Bank & Trust Company	Flood Protection	\$ 1,023,442
2. State Bank & Trust Company	Flood Protection	625,000
3. Hibernia	Flood Protection	875,000
4. South Lafourche Bank & Trust	Flood Protection	1,200,000
5. Coastal Commerce	Flood Protection	1,000,000
Total		\$ 4,723,442

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	\$ 243,922
Petty cash	\$

2. INVESTMENTS

The Levee District (BTA) does maintain investment accounts as authorized by Louisiana state law.

Custodial Credit Risk

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured and unregistered and are either held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name. Using the following table, list each type of investment disclosing the total carrying amounts and market values, and any amounts exposed to custodial credit risk.

Following GASB Statement 3, investments were categorized according to the level of risk to the entity:

Category 1 - Insured or registered in the entity's name, or securities held by the entity or its agent in the entity's name (separate disclosure no longer required)

Category 2 - Uninsured and unregistered with securities held by the counterparty's trust department or agent in the entity's name (separate disclosure no longer required)

Category 3 - Unsecured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the entity's name (separate disclosure still required under GASB Statement 40)

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by the 3 categories of risk listed above. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. However, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name.

STATE OF LOUISIANA

BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT

Notes to the Financial Statement

As of and for the year ended June 30, 2005

<u>Type of Investment</u>	<u>Investments Exposed to Custodial Credit Risk</u>		<u>All Investments Regardless of Custodial Credit Risk Exposure</u>	
	<u>Uninsured, Unregistered, and Held by Counterparty</u>	<u>Uninsured, Unregistered, and Held by Counterparty's Trust Dept. or Agent Not in Entity's Name</u>	<u>Reported Amount</u>	<u>Fair Value</u>
Repurchase agreements	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Government securities	_____	_____	_____	_____
Common & preferred stock	_____	_____	_____	_____
Commercial paper	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Other: (identify)	_____	_____	_____	_____
LAMP	_____	_____	204,269	204,269
Certificates of deposit at banks	_____	_____	1,595,000	1,595,000
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total investments	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ 1,799,269	\$ 1,799,269

3. Derivatives

The institution does not (circle one) invest in derivatives as part of its investment policy. Accordingly, the exposure to risks from these investments is as follows:

credit risk _____
 market risk _____
 legal risk _____

4. Credit Risk, Concentration of Credit Risk, Interest Rate Risk, and Foreign Currency Risk Disclosures

A. Credit Risk of Debt Investments

Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount).

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 BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
 Notes to the Financial Statement
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<u>Rating</u>	<u>Fair Value</u>
_____	\$ _____
_____	_____
_____	_____
_____	_____
Total	\$ _____ -

B. Interest rate Risk NOT APPLICABLE

1. Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years of those investments.

<u>Type of Debt Investment</u>	<u>Investment Maturities (In Years)</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater Than 10</u>
U.S. Government obligations	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Agency obligations	_____	_____	_____	_____	_____
U.S. Treasury obligations	_____	_____	_____	_____	_____
Mortgage backed securities	_____	_____	_____	_____	_____
Collateralized mortgage obligations	_____	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____	_____
Other bonds	_____	_____	_____	_____	_____
Mutual funds	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____
Total debt investments	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -

2. List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (eg. coupon multipliers, reset dates, etc.):
NOT APPLICABLE

<u>Debt Investment</u>	<u>Fair Value</u>	<u>Terms</u>
_____	\$ _____	_____
_____	_____	_____
_____	_____	_____
Total	\$ _____ -	

C. Concentration of Credit Risk NOT APPLICABLE

List, by amount and issuer (not including U.S. government securities, mutual funds, and investment pools), investments in any one issuer that represents 5% or more of total investments.

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BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
Notes to the Financial Statement
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<u>Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
_____	\$ _____	_____
_____	_____	_____
_____	_____	_____
Total	\$ _____	_____

D. Foreign Currency Risk NOT APPLICABLE

Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List by currency denomination and investment type, if applicable.

<u>Foreign Currency</u>	<u>Fair Value in U.S. Dollars</u>	
	<u>Bonds</u>	<u>Stocks</u>
_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
Total	\$ _____	\$ _____

E. Policies NOT APPLICABLE

Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.

5. Other Disclosures Required for Investments SEE FOOTNOTE 12 IN AUDIT REPORT

- a. Investments in pools managed by other governments or mutual funds _____
- b. Securities underlying reverse repurchase agreements _____
- c. Unrealized investment losses _____
- d. Commitments as of _____ (fiscal close), to resell securities under yield maintenance repurchase agreements:
 1. Carrying amount and market value at June 30 of securities to be resold _____
 2. Description of the terms of the agreement _____
- e. Losses during the year due to default by counterparties to deposit or investment transactions _____

STATE OF LOUISIANA
BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2005

- f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet _____

Legal or Contractual Provisions for Reverse Repurchase Agreements **NOT APPLICABLE**

- g. Source of legal or contractual authorization for use of reverse repurchase agreements _____
- h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year _____

Reverse Repurchase Agreements as of Year-End **NOT APPLICABLE**

- i. Credit risk related to the reverse repurchase agreements outstanding at year end, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest _____
- j. Commitments on _____ (fiscal close), to repurchase securities under yield maintenance agreements _____
- k. Market value on _____ (fiscal close), of the securities to be repurchased _____
- l. Description of the terms of the agreements to repurchase _____
- m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements _____
- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement _____

Fair Value Disclosures **SEE FOOTNOTE 12 IN AUDIT REPORT**

- o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices _____
- p. Basis for determining which investments, if any, are reported at amortized cost _____
- q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool _____
- r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares _____
- s. Any involuntary participation in an external investment pool _____

STATE OF LOUISIANA

BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT

Notes to the Financial Statement

As of and for the year ended June 30, 2005

- t. Whether you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining that fair value and the reasons for having had to make such an estimate _____

- u. Any income from investments associated with one fund that is assigned to another fund _____

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASES ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets.

Year ended June 30, 2005						
Balance 6/30/2004	Prior Period Adjustment	Adjusted Balance 7/1/2004	Additions	Transfers*	Retirements	Balance 6/30/2005
Capital assets not being depreciated						
Land	\$ 132,588	\$ 132,588	\$	\$	\$	\$ 132,588
Non-depreciable land improvements						
Capitalized collections						
Construction in progress	424,688	424,688	1,259,012			1,683,700
Total capital assets not being depreciated	\$ 557,276	\$ 557,276	\$ 1,259,012	\$	\$	\$ 1,816,288
Other capital assets						
Furniture, fixtures, and equipment	\$ 513,321	\$ 513,321	\$ 54,740	\$	\$	\$ 568,061
Less accumulated depreciation	(397,703)	(397,703)	(52,477)			(450,180)
Total furniture, fixtures, and equipment	115,618	115,618	2,263			117,881
Buildings and improvements	203,486	203,486				203,486
Less accumulated depreciation	(86,463)	(86,463)	(5,087)			(91,550)
Total buildings and improvements	117,023	117,023	(5,087)			111,936
Depreciable land improvements						
Less accumulated depreciation						
Total depreciable land improvements						
Infrastructure	18,423,044	18,423,044				18,423,044
Less accumulated depreciation	(5,669,286)	(5,669,286)	(460,576)			(6,129,862)
Total infrastructure	12,753,758	12,753,758	(460,576)			12,293,182
Total other capital assets	\$ 12,986,399	\$ 12,986,399	\$ (463,400)	\$	\$	\$ 12,522,999
Capital Asset Summary:						
Capital assets not being depreciated	\$ 557,276	\$ 557,276	\$ 1,259,012	\$	\$	\$ 1,816,288
Other capital assets, at cost	19,139,851	19,139,851	54,740			19,194,591
Total cost of capital assets	19,697,127	19,697,127	1,313,752			21,010,879
Less accumulated depreciation	(6,153,452)	(6,153,452)	(518,140)			(6,671,592)
Capital assets, net	\$ 13,543,675	\$ 13,543,675	\$ 795,612	\$	\$	\$ 14,339,287

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

STATE OF LOUISIANA
BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
Notes to the Financial Statement
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E. INVENTORIES NOT APPLICABLE

The unit's inventories are valued at _____ (method of valuation). These are perpetual inventories and are expensed when used. **NOTE: DO NOT INCLUDE POSTAGE. THIS IS SHOWN AS A PREPAYMENT.**

F. RESTRICTED ASSETS NOT APPLICABLE

Restricted assets in the _____ (BTA) at _____ (fiscal year end), reflected at \$ _____ in the non-current assets section on Statement A, consisting of \$ _____ in cash with fiscal agent, \$ _____ in receivables, and \$ _____ investment in _____ (identify the type investments held.) State the purpose of the restrictions: _____.

G. LEAVE

1. COMPENSATED ABSENCES

The Levee District BTA) has the following policy on annual and sick leave: (Describe leave policy.)

Employees accumulate annual and sick leave at various rates based on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, an employee is compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is considered in computing the years of service for retirement benefit purposes. The liability for leave privileges at June 30, 2005 is estimated to be \$ 68,095 which is recorded as a liability in the government-wide financial statements.

2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2005 is estimated to be \$ 8,419 which is not recorded as a liability in the government-wide financial statements.

H. RETIREMENT SYSTEM

Substantially all of the employees of the Levee District (BTA) are members of the Louisiana State Employees Retirement System (LASERS), a cost sharing multiple-employer, defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees. (Note: If LASERS is not your entity's retirement system, indicate the retirement system that is and replace any wording in this note that doesn't apply to your retirement system with the applicable wording.)

All full-time (BTA) employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service.

STATE OF LOUISIANA

BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT

Notes to the Financial Statement

As of and for the year ended June 30, 2005

E. INVENTORIES NOT APPLICABLE

The unit's inventories are valued at _____ (method of valuation). These are perpetual inventories and are expensed when used. **NOTE: DO NOT INCLUDE POSTAGE. THIS IS SHOWN AS A PREPAYMENT.**

F. RESTRICTED ASSETS NOT APPLICABLE

Restricted assets in the _____ (BTA) at _____ (fiscal year end), reflected at \$ _____ in the non-current assets section on Statement A, consisting of \$ _____ in cash with fiscal agent, \$ _____ in receivables, and \$ _____ investment in _____ (identify the type investments held.) State the purpose of the restrictions: _____.

G. LEAVE

1. COMPENSATED ABSENCES

The Levee District BTA) has the following policy on annual and sick leave: (Describe leave policy.)

Employees accumulate annual and sick leave at various rates based on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, an employee is compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is considered in computing the years of service for retirement benefit purposes. The liability for leave privileges at June 30, 2005 is estimated to be \$ 60,676 which is recorded as a liability in the government-wide financial statements.

2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2005 is estimated to be \$ 8,419 which is recorded as a liability in the government-wide financial statements.

H. RETIREMENT SYSTEM

Substantially all of the employees of the Levee District (BTA) are members of the Louisiana State Employees Retirement System (LASERS), a cost sharing multiple-employer, defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees. (Note: If LASERS is not your entity's retirement system, indicate the retirement system that is and replace any wording in this note that doesn't apply to your retirement system with the applicable wording.)

All full-time (BTA) employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service.

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Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also

provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the (BTA) is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2005, increased to 17.8% of annual covered payroll from the 15.8% and 14.1% required in fiscal years ended June 30, 2004 and 2003 respectively. The (BTA) contributions to the System for the years ending June 30, 2005, 2004, and 2003, were \$ 62,188, \$ 49,237, and \$ 42,692, respectively, equal to the required contributions for each year.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

GASB 12 requires the following disclosures about an employer's accounting for post retirement health care and life insurance benefits:

1. A description of the benefits provided and the employee group covered.
2. A description of the accounting and funding policies followed for those benefits.
3. The cost of those benefits recognized for the period, unless the costs are not readily determinable.**
4. The effect of significant matters affecting the comparability of the costs recognized for all periods presented.

**If the cost of any post retirement health care or life insurance benefits cannot readily be separated from the cost of providing such benefits for active employees or otherwise be reasonably approximated, the total cost of providing those benefits to active employees and retirees, as well as the number of active employees and the number of retirees covered by the plan must be disclosed.

Substantially all (BTA) employees become eligible for post employment health care, dental and life insurance benefits if they reach normal retirement age while working for the (BTA). These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the (BTA). For 2005, the cost of providing those benefits for the 1 retirees totaled \$ 8,208.

The Levee District (BTA) provides certain continuing health care and life insurance benefits for its retired employees. Substantially all (BTA) employees become eligible for those benefits if they reach normal retirement age while working for the (BTA). Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the (BTA). [The (BTA) recognizes the cost of providing these benefits ((BTA)'s portion of premiums) as an expenditure when paid during the year, which was \$ 92,752 for the year ended June 30, 2005. The cost of providing those benefits for 1 retirees is not separable from the cost of providing benefits for the 12 active employees.] (or, [The (BTA)'s cost of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 2005 the costs of 1 retiree benefits totaled \$ 8,208].)

J. LEASES

1. OPERATING LEASES NOT APPLICABLE

The total payments for operating leases during fiscal year _____ amounted to \$ _____. A schedule of payments for operating leases follows: (Note: If lease payments extend past FY2020, please create additional columns and report these future minimum lease payments in five year increments.)

STATE OF LOUISIANA
 BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
 Notes to the Financial Statement
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<u>Nature of lease</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011- 2015</u>	<u>FY2016- 2020</u>
	\$	\$	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$	\$	\$
	-	-	-	-	-	-	-

2. CAPITAL LEASES

Capital leases are recognized in the accompanying financial statements. The amounts to be accrued for capital leases and the disclosures required for capital and operating leases by National Council on Governmental Accounting (NCGA) Statement No. 5, as adopted by the Governmental Accounting Standards Board, and FASB 13 should be reported on the following schedules:

Capital leases are defined as an arrangement in which any one of the following conditions apply: (1) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or, (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

SCHEDULE A - TOTAL AGENCY CAPITAL LEASES EXCEPT LEAF

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$	\$	\$
b. Equipment	24,000	601	20,541
c. Land			
Total	\$ 24,000.00	\$ 601.00	\$ 20,541.00

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: (Note: If lease payments extend past FY2025, please create additional rows and report these future minimum lease payments in five year increments.)

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Year ending June 30 :	Total
2006	\$ 21,142
2007	
2008	
2009	
2010	
2011-2015	
2016-2020	
2021-2025	
Total minimum lease payments	21,142
Less amounts representing executory costs	
Net minimum lease payments	21,142
Less amounts representing interest	
Present value of net minimum lease payments	\$ 21,142

SCHEDULE B – NEW AGENCY CAPITAL LEASES EXCEPT LEAF

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$	\$	\$
b. Equipment	24,000	601	20,541
c. Land			
Total	\$ 24,000.00	\$ 601.00	\$ 20,541.00

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: (Note: If lease payments extend past FY2025, please create additional rows and report these future minimum lease payments in five year increments.)

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Notes to the Financial Statement

As of and for the year ended June 30, 2005

Year ending June 30:	Total
2006	\$ 21,142
2007	
2008	
2009	
2010	
2011-2015	
2016-2020	
2021-2025	
Total minimum lease payments	21,142.00
Less amounts representing executory costs	
Net minimum lease payments	21,142.00
Less amounts representing interest	(601.00)
Present value of net minimum lease payments	\$ 20,541.00

SCHEDULE C - LEAF CAPITAL LEASES

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$	\$	\$
b. Equipment			
c. Land			
Total	\$ -	\$ -	\$ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: (Note: If lease payments extend past FY2025, please create additional rows and report these future minimum lease payments in five year increments.)

Year ending June 30:	Total
2006	\$
2007	
2008	
2009	
2010	
2011-2015	
2016-2020	
2021-2025	
Total minimum lease payments	
Less amounts representing executory costs	
Net minimum lease payments	
Less amounts representing interest	
Present value of net minimum lease payments	\$

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3. LESSOR DIRECT FINANCING LEASES NOT APPLICABLE

A lease is classified as a direct financing lease (1) when any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) when both the following criteria are satisfied:

- Collectibility of the minimum lease payments is reasonably predictable.
- No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

Provide a general description of the direct financing agreement, and complete the chart below:

<u>Composition of lease</u>	<u>Date of lease</u>	<u>Minimum lease payment receivable</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	_____	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____	_____
c. Land	_____	_____	_____	_____
Less amounts representing executory costs		_____		
Minimum lease payment receivable		-		
Less allowance for doubtful accounts		_____		
Net minimum lease payments receivable		-		
Less estimated residual value of leased property		_____		
Less unearned income		_____		
Net investment in direct financing lease		\$ _____		

Minimum lease payments receivables do not include contingent rentals which may be received as stipulated in the lease contracts. Contingent rental payments occur if, for example, the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2005 were \$_____ for office space, \$_____ for equipment, and \$_____ for land.

The following is a schedule by year of minimum leases receivable for the remaining fiscal years of the lease as of _____ (the last day of your fiscal year): (Note: If lease receivables extend past FY2025, please create additional rows and report these future minimum lease payment receivables in five year increments.)

Year ending _____:	
2006	\$ _____
2007	_____
2008	_____
2009	_____
2010	_____
2011-2015	_____
2016-2020	_____
2021-2025	_____
Total	\$ _____

STATE OF LOUISIANA

BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT

Notes to the Financial Statement

As of and for the year ended June 30, 2005

4. LESSOR – OPERATING LEASE NOT APPLICABLE

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

Provide the cost and carrying amount, if different, of property on lease or held for lease organized by major class of property and the amount of accumulated depreciation as of _____ 20__:

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Carrying amount</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of minimum future rentals receivable on non-cancelable operating lease(s) as of _____ (the last day of your fiscal year): (Note: If lease receivables extend past FY2020, please create additional columns and report these future minimum lease payment receivables in five year increments.)

Year Ended June 30,	Office Space	Equipment	Land	Other	Total
2006	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____ -
2007					-
2008					-
2009					-
2010					-
2011-2015					-
2016-2020					-
Total	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -

Current year lease revenues received in fiscal year _____ totaled \$ _____.

Contingent rentals received from operating leases received for your fiscal year was \$ _____ for office space, \$ _____ for equipment, and \$ _____ for land.

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2005:

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BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT

Notes to the Financial Statement

As of and for the year ended June 30, 2005

	Year ended June 30, 2005				Amounts due within one year
	Balance June 30, 2004	Additions	Reductions	Balance June 30, 2005	
Bonds and notes payable:					
Notes payable	\$	\$	\$	\$	\$
Reimbursement contracts payable					
Bonds payable					
Total notes and bonds	--	--	--	--	--
Other liabilities:					
Contracts payable	--			--	
Compensated absences payable	84,910	15,492	31,307	69,095	5,000
Capital lease obligations	--		--	--	
Liabilities payable from restricted assets				--	
Claims and litigation				--	
Other long-term liabilities				--	
Total other liabilities	84,910	15,492	31,307	69,095	5,000
Total long-term liabilities	\$ 84,910	\$ 15,492	\$ 31,307	\$ 69,095	\$ 5,000

A detailed summary, by issues, of all debt outstanding at June 30, 2005, including outstanding interest of \$-0- is shown on schedule 4. Schedule 5 is an amortization schedule of the outstanding debt. (Send OSRAP a copy of the amortization schedule for any new debt issued.)

L. LITIGATION

1. The Levee District is a defendant in several lawsuits involving disputed land ownership and rights-of-way. In the opinion of legal counsel for the Levee District, resolution of these lawsuits will be favorable to the Levee District or the liability, if any, resulting from these lawsuits would not be material to the financial statements.

The Levee District (BTA) is a defendant in litigation seeking damages as follows:

Date of Action	Description of Litigation and Probable outcome (Remote, reasonably possible, or probable)	Primary Attorney	Damages Claimed	Insurance Coverage
VARIOUS	LITIGATION ALL COVERED BY INSURANCE		\$	\$
Totals			\$ -	\$ -

The Levee District (BTA)'s legal advisor estimates that potential claims not covered by insurance would affect the financial statement as follows would not materially affect the financial statements or is unable to estimate the effect on the financial statement.

2. Claims and litigation costs of \$ 0.00 were incurred in the current year and are reflected in the accompanying financial statement.

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 BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
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M. RELATED PARTY TRANSACTIONS NOT APPLICABLE

(FASB 57 requires disclosure of the description of the relationship, the transaction(s), the dollar amount of the transaction(s) and any amounts due to or from which result from related party transactions. List all related party transactions.

N. ACCOUNTING CHANGES NOT APPLICABLE

Accounting changes made during the year involved a change in accounting _____ (principle, estimate, error or entity). The effect of the change is being shown in _____.

O. IN-KIND CONTRIBUTIONS NOT APPLICABLE

(List all in-kind contributions that are not included in the accompanying financial statements.)

<u>In-Kind Contributions</u>	<u>Cost/Estimated Cost/Fair Market Value/As Determined by the Grantor</u>
_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
Total	\$ _____

P. DEFEASED ISSUES NOT APPLICABLE

In _____, 20____, the _____ (BTA), issued \$ _____ of taxable bonds. The purpose of the issue was to provide monies to advance refund portions of _____ bonds. In order to refund the bonds, portions of the proceeds of the new issue \$ _____, plus an additional \$ _____ of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated _____ between the (BTA) and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. The refunding resulted in reducing the total debt service payments by almost \$ _____ and gave the (BTA) an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$ _____.

Q. COOPERATIVE ENDEAVORS

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state.

STATE OF LOUISIANA

BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT

Notes to the Financial Statement

As of and for the year ended June 30, 2005

The Levee District signed a Cooperative Endeavor Agreement with the State of Louisiana on March 15, 2002 to plan and construct the Leon Theriot Lock System. The Levee District started construction of its new lock system during the fiscal year ended June 30, 2005. The lock system will allow the levee district to maintain "safe" water level without disrupting shipping traffic. The lock system will be financed with the Levee District's funds and capital contributions from the State of Louisiana and Lafourche Parish as outlined below.

The Levee District expects to finance the project through the following sources:

- State of Louisiana Coastal Impact/Assistance Program - \$ 1,000,000
- Lafourche Parish Coastal Impact/Assistance Program - \$ 250,000
- State of Louisiana Capital Outlay (2004) - \$ 3,295,000
- State of Louisiana appropriation - \$ 450,000 (engineering funds)
- Greater Lafourche Port Commission - \$ 2,000,000
- Lafourche Parish Government - \$ 2,000,000
- State of Louisiana Capital Outlay (2005) - \$ 1,500,000
- Other funding sources including the Levee District general fund - \$ 4,263,349

As of June 30, 2005 the Levee District used \$ 354,364 of the engineering funds leaving a remaining balance of \$96,636. Also as of June 30, 2005 the Levee District has used \$ 513,012 of the 2004 State of Louisiana capital outlay leaving a remaining balance of \$ 2,781,988. The Levee District also used \$ 244,929 of the Lafourche Parish Coastal Impact/Assistance Program funds as of June 30, 2005.

The Levee District has entered into two contracts as of June 30, 2005 related to the new lock system. The first contract, signed in February 2005, is for construction of the concrete barge and total expenses incurred through June 30, 2005 amounted to \$ 1,188,878 (including \$ 59,444 of retainage). The second contract for the second gate was signed in June 2005 in the amount of \$ 1,396,975. Construction had not begun as of June 30, 2005

Some cooperative endeavor contracts are not coded with a document type of "COP" on the Contract Financial Management Subsystem (CFMS), but are considered cooperative endeavors. Include these below with your cooperative endeavor contracts coded with a document type of "COP". Examples of contracts that are considered cooperative endeavors, but are not coded with a document type of "COP" include contracts that fall under delegated authority, Facility Planning and Control "CEA" contracts, certain federal government contracts, contracts that legislative auditors may have designated as such within your agency, work incumbent programs, etc. In prior years, this information was requested as supplemental documentation after the AFRs were submitted, usually in October or November.

The liability outstanding for fiscal year ending June 30, 2005, by funding source, is as follows:

<u>Funding Source</u>	<u>Balance</u> <u>June 30, 2005</u>
State General Fund	\$ _____
Self-generated revenue	_____
Statutorily dedicated revenue	_____
General obligation bonds	_____
Federal funds	_____
Interagency transfers	_____
Other funds/combination	_____

STATE OF LOUISIANA
 BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
 Notes to the Financial Statement
 As of and for the year ended June 30, 2005

NOTE: Amounts in excess of contract limits **cannot** be used to reduce the outstanding contract balance at June 30, 2005. For example, if a contract specifies a percentage of usage for each month (25%) and usage exceeds that percentage (75%), you cannot claim actual usage that exceeds contract requirements (50%).

NOTE: In order to compute your ending balances by funding source, you should begin with your balances at June 30, 2004. These amounts will be increased by amounts for new contracts and amendments and decreased for payments as well as for liquidations.

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) NOT APPLICABLE

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2004-2005:

CFDA Number	Program Name	State Match Percentage	Total Amount of Grant
			\$
Total government-mandated nonexchange transactions (grants)			\$ -

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

NOT APPLICABLE

At June 30, 20__, the _____ (BTA) was not in compliance with the provisions of _____ Bond Reserve Covenant that requires _____ The _____ (BTA) did _____ to correct this deficiency.

T. SHORT-TERM DEBT NOT APPLICABLE

The _____ (BTA) issues short-term notes for the following purpose(s) _____

Short-term debt activity for the year ended June 30, 20__, was as follows:

List the type of S-T debt (e.g., tax anticipation notes)	Beginning Balance	Issued	Redeemed	Ending Balance
	\$	\$	\$	\$ -

The _____ (BTA) uses a revolving line of credit for the following to finance _____ (list purpose for the S-T debt).
 Short-term debt activity for the year ended June 30, 20__, was as follows:

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 BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
 Notes to the Financial Statement
 As of and for the year ended June 30, 2005

	Beginning Balance	Draws	Redeemed	Ending Balance
Line of credit	\$ _____	\$ _____	\$ _____	\$ _____ -

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2005, were as follows:

Activity	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
FLOOD PROTECTION	\$ _____	\$ _____ -	\$ 558,666	\$ _____ -	\$ 558,666
Gross receivables	\$ _____ -	\$ _____ -	\$ 558,666	\$ _____ -	\$ 558,666
Less allowance for uncollectible accounts	_____ -	_____ -	_____ -	_____ -	_____ -
Receivables, net	\$ _____ -	\$ _____ -	\$ 558,666	\$ _____ -	\$ 558,666
Amounts not scheduled for collection during the subsequent year	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____ -

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2005, were as follows:

Activity	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
FLOOD PROTECTION	\$ 34,182	\$ 7,401	\$ _____	\$ 943,948	\$ 985,531
Total payables	\$ 34,182	\$ 7,401	\$ _____ -	\$ 943,948	\$ 985,531

W. SUBSEQUENT EVENTS NOT APPLICABLE

Disclose any material event(s) affecting the (BTA) occurring between the close of the fiscal period and issuance of the financial statement. _____

X. SEGMENT INFORMATION NOT APPLICABLE

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or another stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external

STATE OF LOUISIANA**BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT****Notes to the Financial Statement****As of and for the year ended June 30, 2005**

party, such as accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 122, as modified by GASB 37, paragraph 17.)

Type of goods or services provided by the segment _____.

A. Condensed balance sheet:

- (1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or BTA's should be reported separately.
- (2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or BTA's should be reported separately.
- (3) Total net assets – distinguishing among restricted (separately reporting expendable and nonexpendable components); unrestricted; and amounts invested in capital assets, net of related debt.

Condensed Balance sheet:

	<u>Segment #1</u>	<u>Segment #2</u>
Current assets	\$ _____	\$ _____
Due from other funds	_____	_____
Capital assets	_____	_____
Other assets	_____	_____
Current liabilities	_____	_____
Due to other funds	_____	_____
Long-term liabilities	_____	_____
Restricted net assets	_____	_____
Unrestricted net assets	_____	_____
Invested in capital assets, net of related debt	_____	_____

B. Condensed statement of revenues, expenses, and changes in net assets:

- (1) Operating revenues (by major source).
- (2) Operating expenses. Depreciation (including any amortization) should be identified separately.
- (3) Operating income (loss).
- (4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.
- (5) Capital contributions and additions to permanent and term endowments.
- (6) Special and extraordinary items.
- (7) Transfers
- (8) Change in net assets.
- (9) Beginning net assets.
- (10) Ending net assets.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

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BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2005

	<u>Segment #1</u>	<u>Segment #2</u>
Operating revenues	\$ _____	\$ _____
Operating expenses	_____	_____
Depreciation and amortization	_____	_____
Operating income (loss)	_____ -	_____ -
Nonoperating revenues (expenses)	_____	_____
Capital contributions/additions to permanent and term endowments	_____	_____
Special and extraordinary items	_____	_____
Transfers in	_____	_____
Transfers out	_____	_____
Change in net assets	_____ -	_____ -
Beginning net assets	_____	_____
Ending net assets	_____ -	_____ -

C. Condensed statement of cash flows:

- (1) Net cash provided (used) by:
 - (a) Operating activities
 - (b) Noncapital financing activities
 - (c) Capital and related financing activities
 - (d) Investing activities
- (2) Beginning cash and cash equivalent balances
- (3) Ending cash and cash equivalent balances

Condensed Statement of Cash Flows:

	<u>Segment #1</u>	<u>Segment #2</u>
Net cash provided (used) by operating activities	\$ _____	\$ _____
Net cash provided (used) by noncapital financing activities	_____	_____
Net cash provided (used) by capital and related financing activities	_____	_____
Net cash provided (used) by investing activities	_____	_____
Beginning cash and cash equivalent balances	_____	_____
Ending cash and cash equivalent balances	_____ -	_____ -

Y. DUE TO/DUE FROM AND TRANSFERS

NOT APPLICABLE

1. List by fund type the amounts **due from other funds** detailed by individual fund at your fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total due from other funds		\$ _____

2. List by fund type the amounts **due to other funds** detailed by individual fund at fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total due to other funds		\$ _____

STATE OF LOUISIANA
BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2005

3. List by fund type all transfers from other funds for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers from other funds		\$ _____

4. List by fund type all transfers to other funds for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers to other funds		\$ _____

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

NOT APPLICABLE

Liabilities payable from restricted assets in the _____ (BTA) at _____ (fiscal year end), reflected at \$ _____ in the current liabilities section on Statement A, consist of \$ _____ in accounts payable, \$ _____ in notes payable, and \$ _____ in _____.

Liabilities payable from restricted assets in the _____ (BTA) at _____ (fiscal year end), reflected at \$ _____ in the non-current liabilities section on Statement A, consist of \$ _____ in accounts payable, \$ _____ in notes payable, and \$ _____ in _____.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

NOT APPLICABLE

The following adjustments were made to restate beginning net assets for June 30, 20__.

<u>Ending net assets</u> <u>July 1, 2004,</u> <u>previously reported</u>	<u>Adjustments</u> <u>+ or (-)</u>	<u>Beginning net</u> <u>assets, July 1, 2004,</u> <u>As restated</u>
\$ _____	\$ _____	--
_____	_____	--
_____	_____	--
_____	_____	--
_____	_____	--
_____	_____	--

Each adjustment must be explained in detail on a separate sheet.

(NOTE: Net Assets at July 1, 20__, previously reported, must correspond to Net Assets at June 30, 20__, per the information received from OSRAP.)

**STATE OF LOUISIANA
BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE
LEVEE DISTRICT
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended JUNE 30, 2005**

<u>Name</u>	<u>Amount</u>
Lula Auenson	\$ 1,050
Russell Bruce	75
Ronald Callais	1,800
Ernest J. Gremillion	1,350
Bob Faulk	1,500
Robert Eymard, Sr.	1,275
Ernest J. Richoux, Jr.	225
Roy Gisclair	1,350
Monty Vegas	1,275
CJ Marts	975
	\$ 10,875

STATE OF LOUISIANA
BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
SCHEDULE OF STATE FUNDING
For the Year Ended JUNE 30, 2005

<u>Description of Funding</u>	<u>Amount</u>
1. <u>State revenue sharing</u>	\$ <u>48,852</u>
2. <u>State operating grants (cooperative endeavor)</u>	<u>540,013</u>
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____
Total	\$ <u><u>588,865</u></u>

STATE OF LOUISIANA
 BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
 SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE
 JUNE 30, 2005

NOT APPLICABLE

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
		\$	\$	\$	\$		\$
Total		\$	\$	\$	\$		\$

*Send copies of new amortization schedules

**STATE OF LOUISIANA
BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
SCHEDULE OF NOTES PAYABLE
JUNE 30, 2005**

NOT APPLICABLE

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
		\$	\$	\$	\$		\$
Total		\$	\$	\$	\$		\$

*Send copies of new amortization schedules

STATE OF LOUISIANA
BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
SCHEDULE OF BONDS PAYABLE
JUNE 30, 2005

NOT APPLICABLE

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>		\$ <u> </u>

*Send copies of new amortization schedules

STATE OF LOUISIANA
BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION
For The Year Ended JUNE 30, 2005

NOT APPLICABLE

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2006	\$	\$
2007		
2008		
2009		
2010		
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
Total	\$ --	\$ --

STATE OF LOUISIANA
BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 2005

<u>Fiscal Year</u> <u>Ending:</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2006	\$ 21,142	\$ 601	\$ 20,541	\$ --
2007				--
2008				--
2009				--
2020				--
2011-2015				--
2016-2020				--
2021-2025				--
2026-2030				--
Total	\$ 21,142	\$ 601	\$ 20,541	\$ --

STATE OF LOUISIANA
BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
SCHEDULE OF NOTES PAYABLE AMORTIZATION

NOT APPLICABLE

<i>Fiscal Year</i> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ _____	\$ _____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011-2015	_____	_____
2016-2020	_____	_____
2021-2025	_____	_____
2026-2030	_____	_____
Total	\$ <u> -- </u>	\$ <u> -- </u>

STATE OF LOUISIANA
 BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
 SCHEDULE OF BONDS PAYABLE AMORTIZATION
 For The Year Ended June 30, 2005

NOT APPLICABLE

Fiscal Year Ending:	Principal	Interest
2006	\$	\$
2007		
2008		
2009		
2010		
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
Total	\$ --	\$ --

SCHEDULE 4-D

STATE OF LOUISIANA

BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State and reason for the changes in the budget, please complete the schedule below. If the change is greater than \$1 million explain the reason for the change.

	<u>2005</u>	<u>2004</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ <u>3,583,208</u>	\$ <u>2,811,452</u>	\$ <u>771,757</u>	<u>27.45%</u>
Expenses	<u>2,468,465</u>	<u>1,749,665</u>	<u>718,800</u>	<u>41.08%</u>
2) Capital assets	<u>14,339,287</u>	<u>13,543,675</u>	<u>795,612</u>	<u>5.87%</u>
Long-term debt	<u>64,095</u>	<u>79,910</u>	<u>15,815</u>	<u>(19.79%)</u>
Net Assets	<u>20,615,500</u>	<u>18,685,872</u>	<u>1,929,629</u>	<u>10.33%</u>
Explanation for change:	<u>Revenues increased due to an increase in tax revenue – increasing tax base</u> <u>as well as an increase in investment income.</u>			
	<u></u>			
	<u></u>			



ROBERT W. HIENZ, C.P.A.
ANTHONY J. MACALUSO, JR., C.P.A.

DAVID V. ERNST

HIENZ & MACALUSO, L.L.C.

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**Report on Internal Control over Financial Reporting and on Compliance and Other
Matters based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

**Board of Levee Commissioners of the
South Lafourche Levee District**
State of Louisiana
Galliano, Louisiana

We have audited the financial statements of the governmental activities and each major fund of the Board of Levee Commissioners of the South Lafourche Levee District (the "Levee District"), a component unit of the State of Louisiana, as of and for the year ended June 30, 2005, which collectively comprise the Levee District's basic financial statements and have issued our report thereon dated August 15, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Levee District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be

detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Levee District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed *no instances* of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Commissioners, management, federal and state awarding agencies and pass-through agencies and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Hienz & Macaluso, LLC

HIENZ & MACALUSO, LLC

August 15, 2005

**BOARD OF COMMISSIONERS
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005**

We have audited the financial statements of the governmental activities and each major fund of the Board of Levee Commissioners of the South Lafourche Levee District (the "Levee District") as of and for the year ended June 30, 2005, and have issued our report thereon dated August 15, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2005 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements:

Internal Control:

Material Weakness - **NO**

Other Conditions - **NO**

Compliance:

Compliance Material to the Financial Statements - **NO**

b. Federal Awards:

The Levee District received no federal awards for the year ended June 30, 2005.

Section II - Financial Statement Findings

There were no financial statement findings for the year ended June 30, 2005.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

Section IV - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2005.

**BOARD OF COMMISSIONERS
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2005**

Section I – Internal Control and Compliance Material to the Financial Statements

There were no prior year findings.

Section II – Internal Control and Compliance Material to Federal Awards

The Levee District received no federal awards for the year ended June 30, 2004.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2004.

**BOARD OF COMMISSIONERS
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2005**

Section I – Internal Control and Compliance Material to the Financial Statements

There were no current or prior year findings.

Section II – Internal Control and Compliance Material to Federal Awards

The Levee District received no federal awards for the year ended June 30, 2005.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2005.